



FINANCIAL STATEMENTS

2021 CITY OF COLORADO SPRINGS SPRING CREEK GENERAL IMPROVEMENT DISTRICT (A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS, COLORADO)

FOR YEAR ENDED DECEMBER 31, 2021

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Independent Auditor's Report

Honorable Mayor and Members
of City Council and City Auditor
City of Colorado Springs
Colorado Springs, Colorado

Opinions

We have audited the financial statements of the governmental activities and the major fund of the City of Colorado Springs Spring Creek General Improvement District (the District), a component unit of the City of Colorado Springs, Colorado as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Honorable Mayor and Members
of City Council and City Auditor
City of Colorado Springs

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Honorable Mayor and Members
of City Council and City Auditor
City of Colorado Springs

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinions on the basic financial statements are not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

FORVIS, LLP

Colorado Springs, Colorado
June 10, 2022

City of Colorado Springs Spring Creek
General Improvement District
STATEMENT OF NET POSITION
December 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Due from other governments	<u>\$ 34,177</u>
Total assets	<u> 34,177</u>
NET POSITION	
Unrestricted	<u> 34,177</u>
Total net position	<u><u>\$ 34,177</u></u>

The accompanying notes are an integral part of this statement.

City of Colorado Springs Spring Creek
General Improvement District
STATEMENT OF ACTIVITIES
For the year ended December 31, 2021

Function/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities		
General government	\$ 5,522	\$ (5,522)
General revenues:		
Investment earnings		412
Total general revenues		412
Change in net position		(5,110)
Net position - beginning of year		39,287
Net position - end of year		\$ 34,177

The accompanying notes are an integral part of this statement.

City of Colorado Springs Spring Creek
General Improvement District
GOVERNMENTAL FUND BALANCE SHEET
December 31, 2021

	<u>Debt Service Fund</u>
ASSETS	
Due from other governments	<u>\$ 34,177</u>
Total assets	<u><u>\$ 34,177</u></u>
 FUND BALANCE	
Assigned	<u>34,177</u>
Total fund balance	<u><u>\$ 34,177</u></u>

The accompanying notes are an integral part of this statement.

City of Colorado Springs Spring Creek
General Improvement District
GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE
For the year ended December 31, 2021

	Debt Service Fund
	<hr/>
Revenues	
Investment earnings	\$ 412
	<hr/>
Total revenues	412
	<hr/>
Expenditures	
Current:	
General government	5,522
	<hr/>
Total expenditures	5,522
	<hr/>
Net change in fund balance	(5,110)
Fund balance - beginning of year	39,287
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Fund balance - end of year	\$ 34,177
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The accompanying notes are an integral part of this statement.

City of Colorado Springs Spring Creek General Improvement District
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. *Reporting entity*

The City of Colorado Springs Spring Creek General Improvement District (the District) is a quasi-municipal political subdivision and body corporate of the State of Colorado established pursuant to Title 31, Article 25, Part 6, of the Colorado Revised Statutes, as amended. The District, located southeast of downtown Colorado Springs, is governed by a Board of Directors comprised of the members of the City Council of the City of Colorado Springs, Colorado, and was established to provide for the construction and installation of street improvements, water distribution and transmission system improvements, sanitary sewer transmission and collection system improvements, and storm drainage improvements within the District. Completed improvements were conveyed to other governmental entities. As this District was formed to issue debt to fund infrastructure improvements, after the outstanding bonds are retired, the District will be dissolved. Under accounting principles generally accepted in the United States of America (US GAAP), the District is considered to be a component unit of the City of Colorado Springs, Colorado. Accordingly, the District's financial data is included in the City's financial statements.

The financial statements of the District consist only of the funds of the District. There are no legally separate organizations for which the governing officials of the District are financially accountable or for which the nature and significance of their relationship with the District are such that exclusion of their financial data would cause the District's financial statements to be misleading or incomplete.

The Board of Directors adopted Resolution No. 166-21 on December 15, 2021, setting the 2022 mill levy at zero (0.000) mills and certifying such mill levy for the debt service fund to the El Paso County Board of County Commissioners. The final debt service payment was made in 2020 and therefore the District will be dissolved in 2022.

2. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District only has *governmental activities*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses have not been allocated. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The District only has *general revenues*.

City of Colorado Springs Spring Creek General Improvement District
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Separate financial statements are provided for the governmental fund.

3. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes are recognized as revenues in the year for which the property taxes were levied as an enforceable lien on property. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

Debt service fund accounts for the servicing of long-term debt.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Assets and fund balance

Deposits and investments

The City of Colorado Springs holds all cash and cash equivalents for the District. The amount held by the City on behalf of the District is included in due from other governments on the governmental fund balance sheet/statement of net position in the amount of \$34,177.

Fund balance

In the fund financial statements, the governmental fund reports the following classification of fund balances:

Restricted fund balances indicate amounts subject to externally enforceable legal restrictions. Such restrictions are typically imposed by parties altogether outside the District such as creditors, grantors, contributors or other governments. The assigned amount noted in the financial statements was previously reported as restricted for debt service.

City of Colorado Springs Spring Creek General Improvement District
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use, either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

Annual budgets are adopted on a basis consistent with US GAAP. All annual appropriations lapse at fiscal year-end.

A budget is required by state law. The Board of Directors holds public hearings and adopts a budget resolution to legally enact the budget. Any revisions that alter total expenditures must be approved by the Board of Directors.

NOTE C - DETAILED NOTES

1. Long-term debt

On August 30, 2005, the District issued \$2,695,000 of General Obligation Refunding Bonds, Series 2005. The 2005 bonds carry an interest rate of 5.90%. As of December 31, 2021, the principal outstanding balance is \$0.

These bonds were a general obligation of the District and were not an obligation of the City of Colorado Springs. There was no obligation for the City to levy taxes with respect to the bonds.

Proceeds of the 2005 bonds were used to refund the District's April 1995 bankruptcy plan obligation bonds for certain of the District's General Obligation Bonds, Series 1987, in the aggregate principal amount of \$2,755,000 and paying the costs of the issuance of the bonds. The 2005 refunding bond proceeds were held in escrow and used to redeem in full the 1987 bonds on September 29, 2005. The reacquisition price exceeded the net carrying amount of the old debt by \$123,212. This advance refunding was undertaken to reduce the mill levy rate over the next 15 years and resulted in an economic gain of \$186,962.

The final debt service payment was made in 2020.

NOTE D - OTHER INFORMATION

1. TABOR

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR) which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

City of Colorado Springs Spring Creek General Improvement District
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

The District's financial activity for 2004 provides the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to 2004, revenue in excess of the District's "spending limit" must be refunded, unless voters approve the retainage of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

TABOR is complex and subject to interpretation. Ultimate interpretation may depend upon litigation and legislative guidance. The District does not believe it is subject to the provisions of TABOR because of the nature of its operations; however, it believes it has complied with all aspects of the TABOR amendment.

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SUPPLEMENTARY INFORMATION

City of Colorado Springs Spring Creek
General Improvement District
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Investment earnings	\$ 500	\$ 500	\$ 412	\$ (88)
Total revenues	500	500	412	(88)
Expenditures				
Current				
General government	6,000	6,000	5,522	478
Total expenditures	6,000	6,000	5,522	478
Net change in fund balance	<u>\$ (5,500)</u>	<u>\$ (5,500)</u>	(5,110)	<u>\$ (390)</u>
Fund balance - beginning of year			<u>39,287</u>	
Fund balance - end of year			<u>\$ 34,177</u>	